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British Virgin Islands

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I. General

1. The Territory of the British Virgin Islands[1] comprises a group of approximately 40 islands, of which 16 are inhabited, the most important being Tortola, Virgin Gorda, Anegada and Jost Van Dyke. The islands are located about 96 kilometres east of Puerto Rico and 225 kilometres north-west of St. Kitts and Nevis. They form an archipelago with the United States Virgin Islands, with which they maintain close links. Some 80 per cent of the population lives on Tortola.

2. The island group came into the possession of the United Kingdom of Great Britain and Northern Ireland in 1666, when planters took control from the earlier Dutch settlers; it has been a United Kingdom colony since 1672.[2]

3. In 1997, the population was estimated to be 19,107.[3] About 45 per cent of the population is made up of immigrants, most of whom come from neighbouring islands. Adult literacy is estimated at 95 per cent.

II. Constitutional and political developments

4. The British Virgin Islands is a United Kingdom Overseas Territory (formerly known as a Dependent Territory). Under the 1977 Constitution, the administering Power appoints as its representative a Governor with responsibilities for defence, internal security, external affairs and public service; the Governor retains legislative powers as necessary to exercise special responsibilities. The Executive Council, made up of the Chief Ministers and other representatives of the Legislative Council, plus the Governor and the Attorney-General, has jurisdiction over all other matters. The members of the Legislative Council are elected by direct popular vote; one each from the nine electoral districts and, beginning in 1995, four at-large members (see para. 5).[4]

5. In 1995, the Constitution was amended to add four at-large seats to the Legislative Council (creating a total of 13 seats). A review of this innovation, in particular its effectiveness in enhancing the legislature's representative function, began in April 1998 and is still under way. It is reported that the Foreign and Commonwealth Office of the United Kingdom, in consultation with the Government of the British Virgin Islands, has appointed a consultant for the redrafting of the Constitution of the British Virgin Islands. The consultant was expected to visit the Territory after the legislative elections scheduled for 17 May 1999.[5]

6. In March 1999, the Government of the United Kingdom issued a White Paper on the relationship between the United Kingdom and its Overseas Territories, "Partnership for Progress and Prosperity: Britain and the Overseas Territories", the text of which is set out in the annex to document A/AC.109/1999/1. Key recommendations can be found in paragraph 28 below.

III. Economic conditions

A. General

7. The economy remains based on tourism and the provision of financial services. The territorial Government has enacted policies to diversify and strengthen each sector and to enhance the links between them. The Territory continues to receive development aid assistance from the governing Power and from the European Union under the Lomé Convention.[2] The Government's National Integrated Development Plan is designed to expand the economic base of the Territory, improving living standards, and distribute gains more equitably, through a framework of consultation that will determine consensual policies. The territorial Government is determined to try to lessen dependence for revenue on the financial sector by more efficiently collecting revenues elsewhere in the economy.

8. In 1998, the gross domestic product (GDP) rose by 6.8 per cent, compared to a 4.5 per cent increase in 1997. The per capital GDP in 1998 was approximately $24,000, down from $26,903 in 1997.[6]

B. Public finance

9. The current budget surplus for 1998 is estimated at $15 million, a 64 per cent decrease from the $42 million surplus in 1997. Recurrent expenditures in 1998 were estimated at $123 million, while recurrent revenues were up approximately $10 million to $138 million.[7] Of those revenues, more than 50 per cent came from the financial services industry, which generated $70.41 million in 1998.[8]

10. The total public debt of the British Virgin Islands at the end of 1998 was $61.39 million, a decrease of 3.32 per cent from 1997.[7]

11. Maintenance costs in respect of a series of recently completed capital projects (see para. 12 below), as expected, increased the territorial Government's current expenditures in 1998.

C. Construction and development

12. Several capital projects were completed in 1998 and early 1999, including the construction of a dual carriageway in the Road Town area at an estimated cost of $4.8 million and the $4.2 million expansion of the cruise ship pier. Ongoing projects for 1999 include capital improvements to the airports on Beef Island and Virgin Gorda, the construction of a new General Post Office and Customs Office and extensions to both the H. Lavity Stoutt Community College and Peebles Hospital. The residential construction sector remains buoyant.[7]

D. Agriculture, livestock and fisheries

13. The agriculture sector accounts for approximately 4 per cent of the GDP. Some 800 hectares are under cultivation, and 4,000 hectares of pasture are used for stock rearing. The main crops are fruit and vegetables, which are produced mostly for local consumption, although some are exported to the United States Virgin Islands. Sugar cane is grown for the production of rum. The coastal waters are rich in fish, which provide the primary export of the agriculture/fisheries sector. The use of better technology helped to increase the catch to 1.7 million pounds in 1998, with a total market value of $6.6 million. A fisheries credit scheme assists fishermen in financing the purchase of boats.[9] The principle obstacles to developing the agriculture sector are a shortage of labour, a lack of water and few marketing facilities.

E. Industrial development

14. Manufacturing accounted for less than 5 per cent of the GDP between 1991 and 1995. The most important manufactured products are rum, tourist items, books and construction materials (mostly aggregates). Tax and duty exemptions are offered to promote industry. Under the Pioneer Services and Enterprises Ordinance, for example, investors in enterprises for which a special need exists in the Territory may benefit from a tax holiday of up to 10 years and may import capital needed for their investment without paying duty.

F. International business and finance

15. The financial services sector remains dominated by international business companies, which generate just over half of total government revenue. Total registrations of international business companies now exceed 300,000. Approximately 50,000 registrations were recorded in 1997 and the same number in 1998. The British Virgin Islands has accumulated an estimated 45 per cent share of the global market for this service. At the same time, the Government is trying to diversify within the financial sector, for example by promoting ship registrations and mutual fund markets.[10] In December 1997, amendments were made to the 1996 mutual funds act to enhance regulation of mutual funds. According to the territorial Government, the purpose was "to create a fit and proper environment which meets internationally recognized standards of best practice in the management and administration of mutual funds".[11] During 1998, 1,700 licences were issued for such funds, fund managers and administrators.[12]

16. The importance of offshore finance to the British Virgin Islands and other Overseas Territories was addressed by the administering Power in the above-mentioned White Paper.[2]

17. The British Virgin Islands is a member of the Caribbean Financial Action Task Force. In March 1999 the Task Force launched a new $7.2 million anti-money-laundering programme. The programme, funded by the European Union, the United Kingdom and the United States of America, will strengthen the institutional capacities of the Caribbean countries to fight financial crime by facilitating prevention, investigation and prosecution.[13]

G. Tourism

18. Tourism provides approximately 45 per cent of the GDP. The territorial Government continued its active promotional programme for tourism. Previously, a key part of the Government's tourism strategy was to maintain the island's upscale image. To that end, the Government had placed restrictions on the number of cruise ships allowed in port and the number of passengers allowed on shore, had regulated the development of high-rise hotels and casinos and had promoted the development of niche market sectors, such as inns and villas. However, growth in the cruise ship business prompted the Government to expand its cruise ship facilities in 1998.

19. Stayover visitor arrivals have increased over the past four years, from approximately 205,000 to 260,000.[14]

IV. Social conditions

A. Labour

20. The labour force is engaged primarily in tourism (26 per cent), Government (20 per cent) and construction (18 per cent). There is virtually no unemployment.

B. Basic human rights

21. The Territory is subject to several major human rights conventions that were acceded to by the administering Power. These include the Convention on the Prevention and Punishment of the Crime of Genocide, the International Convention on the Elimination of All Forms of Racial Discrimination, the International Covenant on Economic, Social and Cultural Rights, the International Covenant on Civil and Political Rights, the Convention on the Elimination of All Forms of Discrimination against Women, the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, the Convention on the Rights of the Child, and the Second Optional Protocol to the International Covenant on Civil and Political Rights, aiming at the abolition of the death penalty.

22. Human rights issues in the Overseas Territories were addressed by the administering Power in the above-mentioned White paper[2] (see para. 28).

C. Public health

23. Tortola has a well-equipped hospital, 10 doctors, 2 dentists, 2 visiting eye specialists and 2 chiropractors. Improvements to medical facilities on other islands in 1999 include the renovation of the North Sound clinic on Virgin Gorda and the opening of a new clinic on Anegada. Health policy emphasis is on the improvement of preventive medicine. Hence, there are frequent school medical examinations and successful immunization campaigns against smallpox, diphtheria, whooping cough, tetanus and poliomyelitis.

D. Crime and crime prevention

24. The Royal Virgin Islands Police Force maintains three stations on Tortola and one each on Virgin Gorda, Anegada and Jost Van Dyke. The total size of the force is 156 officers. The level of violent crime is among the lowest in the region, although domestic violence reportedly remains a concern. According to the press, combating domestic violence will be a priority of the police department in 1999.[15] In order to combat problems associated with drug trafficking, the Government of the United Kingdom has provided expatriate police personnel, a police launch, a surveillance aircraft and other anti-narcotics equipment. Two Royal Navy personnel and two Royal Air Force crew members are funded by the Government of the United Kingdom. Drug trafficking is on the rise throughout the Caribbean, and in 1998 police seized 156 pounds of cocaine in the Territory.

E. Educational conditions

25. There are 18 public and 11 private primary schools on Tortola, Anegada, Virgin Gorda and Jost Van Dyke. There are three high schools (one private and two public) and a community college at Road Town. Secondary education is available to the General Certificate of Education "A" Level. Higher education is provided by the University of the West Indies, while the H. Lavity Stoutt Community College offers associate degree courses and technical education.

V. Participation in regional organizations

26. The Territory enjoys associate membership in the International Labour Organization (ILO), the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the Economic Commission for Latin America and the Caribbean (ECLAC). The Territory is an associate member of the Caribbean Community (CARICOM), whose goal is to promote closer political and economic integration among Caribbean States. It is a borrowing member of the Caribbean Development Bank (CDB). It is also a signatory to the Lomé Convention, which provides for some development assistance. The current convention, Lomé IV, runs until February 2000, after which the existing trade arrangements may be revised.

VI. Future political status of the Territory

A. Position of the territorial Government

27. According to information received from the administering Power, on 9 September 1998, the

Government of the British Virgin Islands and the Government of the United Kingdom signed a "Memorandum of Cooperation and Partnership". In that document, the territorial Government stated its objective to be the achievement of economic independence; the administering Power stated that it shared that objective and that it remained committed to a policy of assisting its Overseas Territories to full independence when and if it was the clearly and constitutionally expressed wish of the people.

B. Position of the administering Power

28. Key recommendations of the administering Power in its White Paper issued in March 1999[2] are noted below:

(a) In future the Territories would be known as the United Kingdom Overseas Territories, in short Overseas Territories;

(b) British citizenship (and so the right of abode) would be offered to those people of the Overseas Territories who did not already enjoy it and who met certain conditions;

(c) Those who did not want to take it up would be able to remain British Dependent Territories citizens;

(d) British Overseas Citizens would not be included in this offer, nor would it apply to people who owed their British Dependent Territories citizenship to links with the British Indian Ocean Territory or the Sovereign Bases on Cyprus;

(e) The offer of citizenship would be on a non-reciprocal basis (as far as the right of abode is concerned). No conditional links have been made between the offer and other obligations set out in the White Paper;

(f) Administrative and representational arrangements would include:

(i) The establishment of parallel Overseas Territories structures in the Foreign and Commonwealth Office and the Department for International Development;

(ii) The appointment of Baroness Symons as Minister with responsibility for the Overseas Territories;

(iii) The creation of an Overseas Territories Consultative Council to bring together United Kingdom Ministers and the Chief Ministers of the Overseas Territories or their equivalent;

(iv) The designation of a First Secretary in the office of the Permanent Representative of the United Kingdom to the European Union as the point of contact for the Overseas Territories with the European Union;

(g) In terms of good governance, provision would be made for:

(i) Improved regulation of the financial service industries in the Overseas Territories to meet internationally acceptable standards and to combat financial crime and regulatory abuse;

(ii) Measures to promote greater cooperation with international regulators and law enforcers so as to share information and improve worldwide financial regulations;

(iii) Enhanced measures to combat drug trafficking and drug-related crime;

(iv) Reform of local legislation in some Territories to comply with the same standards of human rights as those existing in the United Kingdom with regard to capital punishment and consensual homosexual acts. If local action is not taken Her Majesty's Government would enforce the necessary changes;

(h) Measures for sustainable development would include:

(i) Partnership between Her Majesty's Government and the Overseas Territories to promote economic growth and self-sufficiency;

(ii) Confirmation that the reasonable assistance needs of the Overseas Territories would be a priority in the development programme;

(iii) Continued budgetary aid for Montserrat and St. Helena;

(iv) Strengthened procedures and guidelines on borrowing by the Overseas Territories;

(v) Enhanced policies, legislation and standards for the protection and management of the rich natural environment of the Territory;

(vi) Increased funds (£1.5 million over three years) to assist in creating and implementing environmental programmes;

(vii) Agreement of an environmental charter between the United Kingdom and the Overseas Territories;

(viii) Technical support, training and cooperative schemes to build local capacity to manage and monitor the environment.

C. Action by the General Assembly

29. On 3 December 1998, the General Assembly adopted, without a vote, resolution 53/67 B, section IV of which concerns the British Virgin Islands.

Notes

[1] Information contained in the present working paper has been derived from information transmitted to the Secretary-General by the Government of the United Kingdom of Great Britain and Northern Ireland under article 73 *e* of the Charter of the United Nations on 1 June 1998 and from published material.

[2] White Paper on Partnership for Progress and Prosperity: Britain and the Overseas Territories, March 1999 (see A/AC.109/1999/1, annex).

[3] The Economist Intelligence Unit, 21 September 1998.

[4] The Commonwealth Secretariat, The Commonwealth On-Line, www.tcol.co.uk, 14 July 1997.

[5] *Beacon* (British Virgin Islands), 27 February 1999.

[6] The Economist Intelligence Unit, 12 February 1999; and *Island Sun* (British Virgin Islands), 10 March 1999.

[7] 1999 Budget Address, British Virgin Islands Government Web site, www.bvigovernment.org.

[8] *Beacon* (British Virgin Islands), 10 December 1998; and The Economist Intelligence Unit, 12 February 1999.

[9] *Beacon* (British Virgin Islands), 1 April 1999.

[10] Caribbean Development Bank, 1997 Annual Report.

[11] *Bermuda Sun*, 9 December 1997.

[12] The Economist Intelligence Unit, 12 February 1999.

[13] *Oxford Analytica*, 29 March 1999.

[14] *Island Sun* (British Virgin Islands), 10 March 1999.

[15] *Beacon* (British Virgin Islands), 3 December 1998.